

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF IOWA  
CEDAR RAPIDS DIVISION**

ALAN E. THOMPSON, et al.,

Plaintiffs,

vs.

UNITED TRANSPORTATION UNION,

Defendant.

No. C03-49 LRR

**ORDER**

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This matter is before the Court pursuant to the Motion for Remand (docket no. 10) filed by Plaintiffs on June 10, 2003. Plaintiffs seek an order remanding this case to the Iowa District Court for Linn County and an award of attorneys' fees.

***I. FACTUAL BACKGROUND***

The material facts relevant to subject matter jurisdiction are largely undisputed. Plaintiffs are employees of the Union Pacific Railroad Company ("UP"). Plaintiffs formerly were employed by the Chicago & Northwestern Railway Company ("CNW"). On February 21, 1995, the Interstate Commerce Commission approved the merger of UP and CNW. Defendant United Transportation Union (the "UTU") is a labor organization and the collective bargaining representative under the Railway Labor Act of yardmen, trainmen and conductors employed by UP and formerly CNW. The UTU and UP negotiated and entered into a Merger Implementing Agreement, the purpose of which was "to modify pretransition labor agreements to the extent necessary to" effectuate the merger.

In order to resolve outstanding grievance claims filed by the UTU on behalf of CNW employees prior to the merger, the UTU and UP entered into a settlement agreement on June 12, 1996 (the "1996 Settlement Agreement") in which UP agreed to pay to the UTU \$9.5 million plus interest. The UTU and UP further agreed that "[t]he method of allocation

of these funds will be further discussed and agreed to.” According to the UTU, the 1996 Settlement Agreement was effected through a collectively bargained side letter to the Merger Implementing Agreement. The 1996 Settlement Agreement also provided for certain changes to another labor agreement between the parties, resulting in lower rates of pay for employees newly hired after June 12, 1996.

The UTU’s General Committee of Adjustment (the “General Committee”) held a meeting on August 12-13, 1996 to discuss how money in the settlement fund should be distributed. At the meeting, representatives of the UTU agreed upon a method for allocating the settlement fund. The UTU representatives agreed to form review panels, consisting of the Local Chairperson and two other persons designated by the General Committee, for each UTU local involved in the settlement. At the time of the August 12-13, 1996 meeting, the General Committee believed that the face amount of claims exceeded the total settlement amount. The General Committee arrived at a method for determining the ratio of the total settlement fund amount to be paid to each person with a valid claim.

On August 23, 1996, UTU General Chairman David R. Haack issued a circular letter (“Circular No. 30”) to all local chairpersons within the jurisdiction of the General Committee. Circular No. 30 outlined the method adopted by the General Committee for handling claims covered by the settlement agreement.

Over the next several years, the review panels determined the validity and monetary value of each grievance claim. The UTU contends these determinations involved applying the terms of the collective bargaining agreement under which the claim in question arose.<sup>1</sup> The UTU determined that the face value of the grievance claims encompassed within the settlement agreement was only \$6.5 million. By that time, the settlement fund with interest had grown to approximately \$11.3 million, resulting in a surplus of approximately \$4.8 million.

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<sup>1</sup>The UTU has not identified any specific provision of any collective bargaining agreement that was interpreted in resolving the claims.

UTU officers discussed how to best allocate the surplus funds. On November 14, 2002, the UTU circulated to local chairmen a Memorandum Agreement which outlined an agreement in which the UTU and UP agreed upon a method for allocating the settlement fund. By vote, the local chairmen ratified the Memorandum Agreement. Pursuant to the terms of the Memorandum Agreement, UP issued distribution checks during the last week of December, 2002.

On April 17, 2003, Plaintiffs filed this lawsuit against the UTU in the Iowa District Court for Linn County. In their Complaint, Plaintiffs, individual claimants from the settlement fund, assert state law claims against the UTU for breach of contract and constructive trust. On May 13, 2003, the UTU removed Plaintiffs' action to this Court on the basis that this Court has federal jurisdiction under the Railway Labor Act, 45 U.S.C. §§ 151 - 188, and 28 U.S.C. §§ 1331 and 1337. The UTU contends Plaintiffs' state law claims require interpretation of a collective bargaining agreement and therefore are preempted by the Railway Labor Act, 45 U.S.C. § 151(a). In their Motion for Remand, Plaintiffs argue that their claims do not require interpretation of a collective bargaining agreement. Plaintiffs also seek an award of attorneys' fees relating to the expense of litigating the remand pursuant to 28 U.S.C. § 1447(c).

## **II. ANALYSIS**

A defendant may remove only state court actions that originally could have been filed in federal court. *Gore v. Trans World Airlines*, 210 F.3d 944, 948 (8th Cir. 2000) (citing *Caterpillar Inc., v. Williams*, 482 U.S. 386, 392 (1987)). Federal question jurisdiction sufficient to support removal is governed by the "well-pleaded complaint rule," which provides that federal question jurisdiction exists solely where a federal question is presented on the face of the properly pleaded complaint. *Id.* A defendant is not permitted to remove

a case to federal court by injecting a federal question into an otherwise state law claim and thereby transform the action into one arising under federal law. *Id.* A federal defense does not provide a basis for removal, even if that defense is anticipated in the complaint and is the only question at issue. *Caterpillar*, 482 U.S. at 393. The well-pleaded complaint rule makes the plaintiff “the master of the claim. . . .” *Id.* at 395. However, where an area of state law has been completely preempted by a federal statute, any claim purportedly based on that preempted state law claim is considered, from its inception, a federal claim, and therefore arises under federal law. *Id.* at 393.

The Railway Labor Act (the “RLA”), 45 U.S.C. §§ 151 - 188, governs collective bargaining agreements in the railroad industry. The RLA “provides a comprehensive framework for the resolution of labor disputes in the railroad industry.” *Atchison, Topeka & Santa Fe Ry. Co. v. Buell*, 480 U.S. 557, 562 (1987). Claims of preemption under the RLA are governed by a standard that is virtually identical to that employed under the preemption provision of the Labor Management Relations Act. *Gore*, 210 F.3d at 949. Under the RLA, if resolution of a state law claim depends on an interpretation of a collective bargaining agreement, the claim is preempted. *Id.* However, state law claims involving rights and obligations that are independent of a collective bargaining agreement are not preempted under the RLA. *Hawaiian Airlines, Inc. v. Norris*, 512 U.S. 246, 257 (1994). “[A] mere need to reference or consult a collective bargaining agreement during the course of state court litigation does not require preemption.” *Gore*, 210 F.3d at 949.

Here, to decide whether Plaintiffs’ claims are preempted by the RLA, the crucial question for the Court is whether the dispute between the parties requires interpretation of a collective bargaining agreement. The Court must decide whether Plaintiffs’ claims are “inextricably intertwined with consideration of the terms of the labor contract.” *Gore*, 210 F.3d at 949 (quoting *Allis-Chalmers Corp. v. Lueck*, 471 U.S. 202, 213 (1985)).

In the case at bar, the gravamen of Plaintiffs’ Complaint is that the UTU mishandled

the settlement of Plaintiffs' grievance claims. The UTU contends that because the source of Plaintiffs' grievance claims is the collective bargaining agreements between the UTU and CNW, resolution of Plaintiffs' state-law claims requires interpretation of collective bargaining agreements. The UTU has not, however, pointed to any specific provision of any collective bargaining agreement that must be interpreted in resolving Plaintiffs' claims. The Court has independently reviewed the entirety of the materials submitted by the parties. The Court finds that Plaintiffs have not asserted a right under any collective bargaining agreement and that their claims do not require an interpretation of any collective bargaining agreement. That the UTU may raise the terms of a collective bargaining agreement as a defense to the enforcement of the 1996 Settlement Agreement does not establish that this Court has removal jurisdiction over Plaintiffs' claims. If the UTU chooses to dispute the viability of the 1996 Settlement Agreement as contrary to the terms of a collective bargaining agreement, it may do so in state court.


Finally, the Court notes that Plaintiffs seek reimbursement for the attorneys' fees and costs incurred in prosecuting their Motion for Remand. Because the Court finds that there were reasonable grounds for a difference of opinion as to the propriety of removal in this case, Plaintiffs' request for attorneys' fees and costs is denied.

### ***III. CONCLUSION***

IT IS THEREFORE ORDERED that:

1. Plaintiffs' Motion for Remand (docket no. 10) is GRANTED and the Court REMANDS this action to the Iowa District Court for Linn County for all further proceedings.
2. The Clerk is directed to provide a certified copy of this Order to the Clerk of Court for the Iowa District Court for Linn County.
3. Plaintiffs' request for attorneys' fees is denied.

**IT IS SO ORDERED** this 3rd day of December, 2003.



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LINDA R. READE  
JUDGE, U. S. DISTRICT COURT  
NORTHERN DISTRICT OF IOWA